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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 09/538,805 | 03/30/2000 | Jay S. Walker | 99-077 | 7826 |

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| EXAMINER |
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CUFF, MICHAEL A

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| ART UNIT | PAPER NUMBER |
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3627

DATE MAILED: 06/22/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/538,805

Applicant(s)

WALKER ET AL.

Examiner

Michael Cuff

Art Unit

3627

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 4/21/06.
2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-34, 36-56, 69, 70, 75 and 77-80 is/are pending in the application.
4a) Of the above claim(s) 77-79 is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☐ Claim(s) 1-34, 36-56, 69, 70, 75 and 80 is/are rejected.
7) ☐ Claim(s) _____ is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 20050328
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____

DETAILED ACTION

Election/Restrictions

Applicant's response, filed 4/21/06, has been received and considered.

Applicant has traversed the restriction.

Applicant asserts that, "if Invention I requires purchases that visit, and Invention II does not require purchases during a visit, that does not mean that the designated inventions must be mutually exclusive." The examiner used the visit requirement to show non-obviousness, not mutually exclusive. The examiner stated that the methods have different steps to show that they are mutually exclusive. One major example is that claim 77 broadly establishes the terms of a subscription with no evaluation or choices, whereas claim 1 specifically "determines", which entail some form of choice. There are many examples of how claim 77 is more specific in some areas than claim 1. Because both claim 1 and claim 77 have specific steps, which are not found in the other, they are mutually exclusive.

This application contains claims 77-79 drawn to an invention nonelected with traverse in Paper No. 20060421. A complete reply to the final rejection must include cancellation of nonelected claims or other appropriate action (37 CFR 1.144) See MPEP § 821.01.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-17, 22-24, 27-29, 32-34, 36-39, 41-55, 69, 70, and 80 are rejected under 35 U.S.C. 102(b) as being anticipated by www.columbiahouse.com .

www.columbiahouse.com, dated 12/21/1996, shows an online catalogue (retailer, visit retailer online, receives information identifying a product). There are several deals or subscriptions offered, which have been determined by a controller. The customer is required to make a plurality of purchases (example, 6 videos over three years for \$19.95 each). Each purchase occurs during the visit to the retailer. The purchases are tracked for compliance. From the information available, a penalty or payment for videos not ordered is inherent. The 10 day cancellation policy reads on receiving a second or modified proposal from the customer. No deal or subscription is the established terms based on both proposals.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 18-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over bestbuy.com and physical stores in view of www.columbiahouse.com.

Bestbuy.com shows all of the limitations of the claims except for specifying the use a subscription plan.

Bestbuy.com shows an Internet retail location and many physical store locations. www.columbiahouse.com teaches, an online catalogue (retailer, visit retailer online). There are several deals or subscriptions offered, which have been determined by a controller in order to provide an incentive to get a commitment to buy products over a period of time. The customer is required to make a plurality of purchases (example, 6 videos over three years for \$19.95 each). Each purchase occurs during the visit to the retailer. The purchases are tracked for compliance. From the information available, a penalty or payment for videos not ordered is inherent. The 10 day cancellation policy reads on receiving a second or modified proposal from the customer. No deal or subscription is the established terms based on both proposals.

Based on the teaching of www.columbiahouse.com, it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to modify the bestbuy.com and physical stores to incorporate the subscription plan of

columbiahouse.com in order to provide an incentive to get a commitment to buy products over a period of time.

Claims 25, 26, 30, 31, 40 and 75 are rejected under 35 U.S.C. 103(a) as being unpatentable over www.columbiahouse.com.

www.columbiahouse.com shows all of the limitations of the claims except for specifying the use different arrangements of penalties and specific stores.

The examiner takes Official Notice that these minor payment variations and that supermarkets sell videos is old and well known in the art in order to maximize revenue.

Based on the discussion above, it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to modify the www.columbiahouse.com system to incorporate the use different arrangements of penalties and specific stores in the art in order to maximize revenue.

Response to Arguments

Applicant's arguments filed 1/3/06 have been fully considered but they are not persuasive.

Applicant asserts on page 18 that the examiner stated that it appeared he was "wrong on this" as far as the reference www.columbiahouse.com reading on the recited claims. Applicant's representative and the examiner have spoken after the examiner was able to do a formal patentability analysis. The examiner found the above reference

to still read upon the broad claims. The examiner offered an examiner's amendment to overcome the rejection. The amendment included:

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receiving information identifying a product from a customer;
identifying via a controller at least a first retailer offering the product; and
determining, by a controller, based on product and retailer information terms of a
subscription for the product, wherein the subscription is valid at the at least first retailer,
... -- Applicant chose not to accept this amendment.

Claims 76-79 have been either canceled or withdrawn.

In reference to claims 6, 53, and 54, applicant asserts that "paying the settlement amount" is not shown. Please note the "Shipping. Handling. Payment & Taxes" section of the website.

In reference to claims 41, 42, 55, and 56, applicant asserts that "establishing at least one modified term" is not shown. As stated in the rejection, the cancellation establishes many modified terms including price, products and quantity. The examiner recognizes that his interpretation is different, but it is not unreasonable given the broad language. The examiner concurs that claim 56 would not be anticipated and the reference could not be reasonably modified to incorporate this step. In regards to the no "10 day cancellation policy" in the reference, there is a page missing from applicant's reference. It is the answer to FAQ "What if I want to cancel my membership?" on page 4 of the reference. Unfortunately the examiner was not able to retrieve the missing page from <http://www.archive.org> because Columbia House has changed the access of

the old websites. If it becomes necessary in the prosecution of the application, the examiner will request this information from Columbia House or make a 103 rejection of obviousness.

In reference to claims 46 and 49-51, applicant asserts that a list of inherent features, which are not shown. The examiner asserts that each item on applicant's list necessarily exists in the www.columbiahouse.com reference in order for it to be operable.

In reference to claim 17, the reference shows this limitation as much as applicant's specification does.

In reference to claims 48 and 52, applicant asserts that a tracking is not shown. The examiner asserts that all the details of tracking as recited by applicant necessarily exist in the www.columbiahouse.com reference in order for it to be operable.

In reference to claim 37, applicant asserts that there is no penalty. Purchasing the videos at full price is the penalty.

In reference to claim 2, applicant asserts that there is no communication to the retailer. www.columbiahouse.com is in communication with itself.

In reference to applicant's traversal of Official Notice, applicant has not properly traversed the Official Notice. "To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well known in the art. See 37 CFR 1.111(b)." MPEP 2144.03. The underlined criteria have not been met. In a non-final office action the examiner can take Official Notice without evidence

in order to save both applicant and examiner time from researching and arguing trivial matters. For example, applicant should have stated the selling of videos in supermarkets was not common knowledge or well known in the art at the time of the invention. In response, the examiner would provide evidence such as the Wall Street Journal article, dated April 6, 1995, "A Special Background Report on Trends in Industry and Finance". First line, "Easter is proving to be a big hit for stores with video-sales departments, says Supermarket Business, a trade publication."

It is requested that each pricing plan or variation, if applicant believes them to be not well known, be properly traversed. After proper traversal, the examiner will find a reference for each one.

Applicant states, "We do not agree" with examiner's combination. The examiner asserts that Best Buy shows an integrate retail front of physical stores and Internet access. Taking the teachings of other Internet retailers and solving the same problems of increasing sales or market share is obvious.

Conclusion


THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the

shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Michael Cuff whose telephone number is (571) 272-6778. The examiner can normally be reached on 8:00 to 5:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.


Michael Cuff
June 18, 2006